

Student Activities

Background

The current Handbook contains no guidance on accounting and reporting for student and campus activities. Typically, these activities are accounted for by LEAs in designated funds within the general, special or agency fund types. However, there is little consistency across jurisdictions concerning the proper classification of student and campus activity funds. This is due primarily to a lack of guidance on the proper account classification and accounting treatment for these activities from state and local bodies.

The need to account for student and campus activities is not a new issue. Although the materiality of these activities may have increased in some jurisdictions, no new requirements have been promulgated related to the proper reporting of revenues and expenditures related to these activities. Thus, the lack of content related to accounting for these activities represents a basic gap in the content of the Handbook.

Accounting Treatment

Under current GASB reporting requirements, student and campus activity funds fall into three main categories including:

- Campus or student activity funds that may be recalled by the governing body (e.g., the Board of Trustees) for general uses. These funds should be accounted for in the General Fund of the LEA.
- Campus or student activity funds that are under the control of the principal or campus administration. These funds should be accounted for as a Special Revenue fund since they are not held in an agency capacity, and are for the benefit of the District.
- Campus or student activity funds that are held in an agency capacity by the LEA on behalf of students (e.g., club or other organizational funds). These funds should be accounted for as an Agency fund.

In many jurisdictions, general and special fund types are required to be budgeted according to state law. Thus, LEAs must budget and report financial results for student and campus activity funds which are classified in these fund types.

Finally, the revenues associated with student and campus activity funds often are distinct from other sources of local revenue. In many cases, campus activity funds contain revenues that are from enterprising (or business-like) activities such as vending machines. Thus, LEAs may have needs to report these revenues in a separate revenue code, as opposed to other local revenue accounts.

Proposed Handbook Revision

The current Handbook does not include detailed fund codes. SEAs and LEAs have generally defined fund codes based on state and local reporting requirements. Within the existing organization of the account classifications, there is no reasonable place in which to define detailed fund codes to accommodate this reporting issue. Thus, we do not recommend any changes to the existing Handbook account classification definitions at this time.

Since the issue of proper accounting guidance for campus and activity funds has been raised, we do recommend that this issue be considered in Phase II of this project. In Phase II, the project will focus on the proper accounting and reporting by LEAs in light of recent GASB requirements. This issue could be addressed in the context of more global changes to the Handbook that will be explored at that time. Based on our discussions with GASB, it appears that all student activity funds will be classified as agency even under GASB No. 34 since the primary activity is of an agency nature. Campus activity funds will not be agency funds since they are used for the benefit of the District, not special groups. They will generally be classified as special revenue funds

Finally, GASB Statement No. 34 fundamentally alters the designation of funds in the special revenue fund type. The recommended accounting treatment and reporting of student and campus activity funds should be reviewed based on GASB No. 34 changes.

The Handbook does include detailed revenue codes that are utilized by LEAs to account for student and campus activity funds. The majority of these revenues are accounted for through the 1700 series of revenue codes (Student Activities). In order to properly classify revenues from enterprising activities, we propose the addition of a new revenue code within the 1900 series of codes (Other Revenue From Local Sources).

1980. Revenue From Enterprising Activities

“Revenue (gross) from vending machines, school stores, coke machines, etc. not related to the regular food service program. These revenues are normally associated with activities at the campus level that generate incremental local revenues for campus use.”

Coding Examples

1. The chess club at a high school within an LEA holds a fundraiser to support its activities during the school year. The fundraiser realizes revenues of \$500. During the school year, the chess club utilizes \$400 to purchase supplies and club T-shirts.

When the \$500 in cash is received by the club sponsor or campus administration, the LEA should debit Cash in Bank (asset code 101) and credit Other Student Activity Income (revenue code 1790) for \$500 within a designated agency fund (for student activity funds).

When the \$400 is expended by the club, the LEA should credit cash and debit Miscellaneous Expenditures (expenditure code 890) for \$400. Alternately, expenditure code 610 (General Supplies) could be used to record the debit.

At year end, the LEA would report a \$100 balance for the club in its Agency fund group. The revenues and expenditures for agency funds are not reported to state or federal agencies.

2. An LEA enters a multi-year agreement with a soft drink distributor to provide vending machine services at all of its campuses. Under the terms of the contract, the LEA will receive 10% of sales proceeds over the life of the agreement. In the current fiscal year, the LEA receives a \$10,000 payment for its portion of vending machine proceeds under the agreement. If this is payment for more than one year, a portion of it should be deferred on a prorated basis.

Based on estimated revenues from the agreement, the LEA should budget these revenues within the General Fund during its normal budgeting process. If the funds are transferred to different campuses, then it will be to special revenue funds.

The \$10,000 payment should be coded to Revenue From Enterprising Activities (revenue code 1980) within the General Fund.

3. An LEA allows principals at individual campuses to stock vending machines and utilize proceeds for campus purposes (e.g., instructional supplies, awards, etc.). During the fiscal year, the principal purchases a total of \$1,000 in soft drinks for a machine located at the campus. Proceeds from the machine total \$1,500.

Based on estimated revenues and related expenditures from this activity, the LEA should budget these revenues and expenditures within a designated Special Revenue fund during its normal budgeting process.

The original \$1,000 in soft drinks should be coded to expenditure code 610 (General Supplies) within a designated special revenue fund (for campus activity funds). When proceeds are recognized, they should be coded to Revenue From Enterprising Activities (revenue code 1980) within the Special Revenue Fund.

As expenditures are incurred for the excess \$500 in “profit” at the campus, these expenditures should be coded to the appropriate expenditure object code within the Special Revenue Fund.